

EX PARTE OR LATE FILED  
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March 18, 1999

**BY HAND DELIVERY** (original and three copies)

Magalie Roman Salas, Secretary  
Federal Communications Commission  
The Portals  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

RECEIVED  
MAR 18 1999  
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: Ex Parte Presentation in CC Docket Nos. 98-184

Dear Ms. Salas:

Pursuant to Section 1.1206(a) of the Commission's Rules, 47 C.F.R. § 1.1206(a) (1997), this letter is to provide notice of an *ex parte* presentation in the above-referenced proceeding on March 17, 1999. The presentation was made by Jason Karp, Chris McKee, Richard McClellan, and David Nelson of Net2000 Communications ("Net2000") and Richard Rindler, Pamela Arluk, and Antony Petrilla of Swidler Berlin Shereff Friedman, LLP ("SBSF"), to Michael Kende, Johanna Mikes, Michelle Carey, Claire Blue, Jennifer Fabian, Jake Jennings, and To-Quyen Truong, of the Common Carrier Bureau and Patrick J. DeGraba, Pamela A. Megna, Marilyn Simon, and Johnson Garret of the Office of Public Policy. The purpose of the meeting was to discuss the operational problems encountered by competitive local exchange carriers, such as Net2000, in entering the local exchange market. Mr. Nelson, Mr. Karp, Mr. McClellan and Mr. McKee described Net2000's current operations and marketing strategy in addition to explaining various operational difficulties they are facing in working with Bell Atlantic.

A presentation concerning Net2000's operations, business strategies and current issues facing the company were provided to staff in attendance at the meeting and are attached to this *ex parte* notice for submission into the record of the above-referenced docket.

No. of Copies rec'd 013  
List A B C D E

Magalie Roman Salas  
February 5, 1999  
Page 2

Should any further information be required with respect to this *ex parte* notice, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read 'P. Arluk', written in a cursive style.

Pamela S. Arluk

Enclosures

cc: All FCC Participants (w/enclosures)  
All Net2000 Participants (w/o enclosures)  
All SBSF Participants (w/o enclosures)



Acct 301 [REDACTED]

Mar 1 1999

## CUT OFF NOTICE

CUT OFF DATE MAR 9

Amount Due

\$536.92

Please pay:  
Bell Atlantic-MD

Claim

NTJ 118RSB 003

00020847 1 AT 0.261 01

AMOUNT PAID

\$ [ ] [ ] [ ] . [ ] [ ]

PO Box 646  
Baltimore MD 21265-0646Questions call 301 954-6790  
PAYMENT PAGE  
SEND WITH YOUR PAYMENT

10930109135785611603176800003092000003473360000053692000000



Acct 301 [REDACTED]

Mar 1 1999

## CUT OFF NOTICE

Payment of \$ 536.92 on your bill has not been received. In order to avoid interruption, payment for that part of the outstanding bill which constitutes charges for local service, Bell Atlantic's toll service, and other toll services must be received by Mar 9. If service is interrupted, a restoral charge of \$18.00 will apply. Service will be restored within 24 hours. A new or additional deposit may also be required. If payment is not received within 10 days after interruption, your service will be disconnected. A charge will apply to reinstall it. If payment has been made please disregard this notice.

If you have any questions about this notice, please call 301 954-6790.

Calls from areas other than Maryland, Virginia, Washington, D.C., or West Virginia, dial 1 800 954-6790.

Go to Service Request Page

# Service Order Inquiry

View the RAW EIF File

Administrative Data Table	
End User State	[REDACTED]
Customer ID	[REDACTED]
Service Order Information Return	
Inquiry Value	[REDACTED]
Multi-Line Text	
TEID 301 [REDACTED] PAGE: 001 DATE: 03/16/99	
SOACS ORDER STATUS FILE TIME: 18:52	
.....	
ORD NO :RP: DD : CD :C/S:BO: SLS CD : LG : BAC : OTN :CUS:ST:CY DT	
.....	
R3059607 4 102198 102198 KGK 79 323Q1KC 1 [REDACTED] 611 E 99074	
R3061108 4 102198 102198 KGK 79 323Q1KC ER 98296	
301 913-5785 611	
R3059607 4 102198 102198 KGK 79 323Q1KC 1 [REDACTED] 611 E 99074	
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Net2000 Communications  
Meeting with the Federal  
Communications Commission  
March 17, 1999

# Who is Net2000?

## Company Profile

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- **Fast Growing ICP**
  - Provisioned over 150,000 access lines as Bell Atlantic agent
  - 35% of access lines are for data services
  - User friendly, responsive interface
- **Present Lines of Business**
  - Local Exchange Services (primary focus)
  - Advanced Data Services
  - Long Distance Services
  - Internet Services
- **Experienced Management Team**
- **5 Year Operating History**
- **Over 2,500 Customers (\$200M Revenue)**

# Company History

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- 1993 Began Operations in August
- 1999 Sold ISP Business (N2N Communications)
- 1997 Expanded to New York and Richmond
- 1997 Obtained Initial Venture Financing \$3.5M
- 1997 Sold Consulting Division
- 1997 Add Key Senior Management (CFO, COO)
- 1998 Named Bell Atlantic's #1 Volume Agent (1995-98)
- 1998 Closed Second Round of Venture Financing \$17.0M
- 1998 Opened Offices in Long Island, Baltimore, Norfolk
- 1998 Growth to 175 Employees
- 1998 Launched Net2000 Local Service as an ICP/CLEC
  - Amicable Exit from Bell Atlantic Agent Program
- 1998 Closed \$170M Financing with Nortel
- 1999 Turn Up of Network

# Management Team

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Charlie Thomas, CEO	IBM, Bell Atlantic	15 years
Mark Mendes, COO	Frontier/Rochester Tel/Vialog	15 years
Don Clarke, CFO	PW/CSC Intelicom/Plexsys	18 years
Bruce Bednarski, SVP Services/Tech	Nortel, US Senate, Bell Atlantic	18 years
Cory Marsan, SVP Sales South	AT&T, Bell Atlantic	19 years
Peter Callowhill, SVP Sales North	Nortel, Bell Atlantic	25 years
Dave Nelson, VP Customer Care	Nortel, Loral/Orion	19 years
Chris Bennett, VP Marketing	BellSouth, Deloitte & Touch, MCI	18 years
Jeff Campbell, VP Network Engr.	Rochester Tel, MFS, Frontier	16 years
KD Dickerson, VP Admin & HR	Marriott	20 years

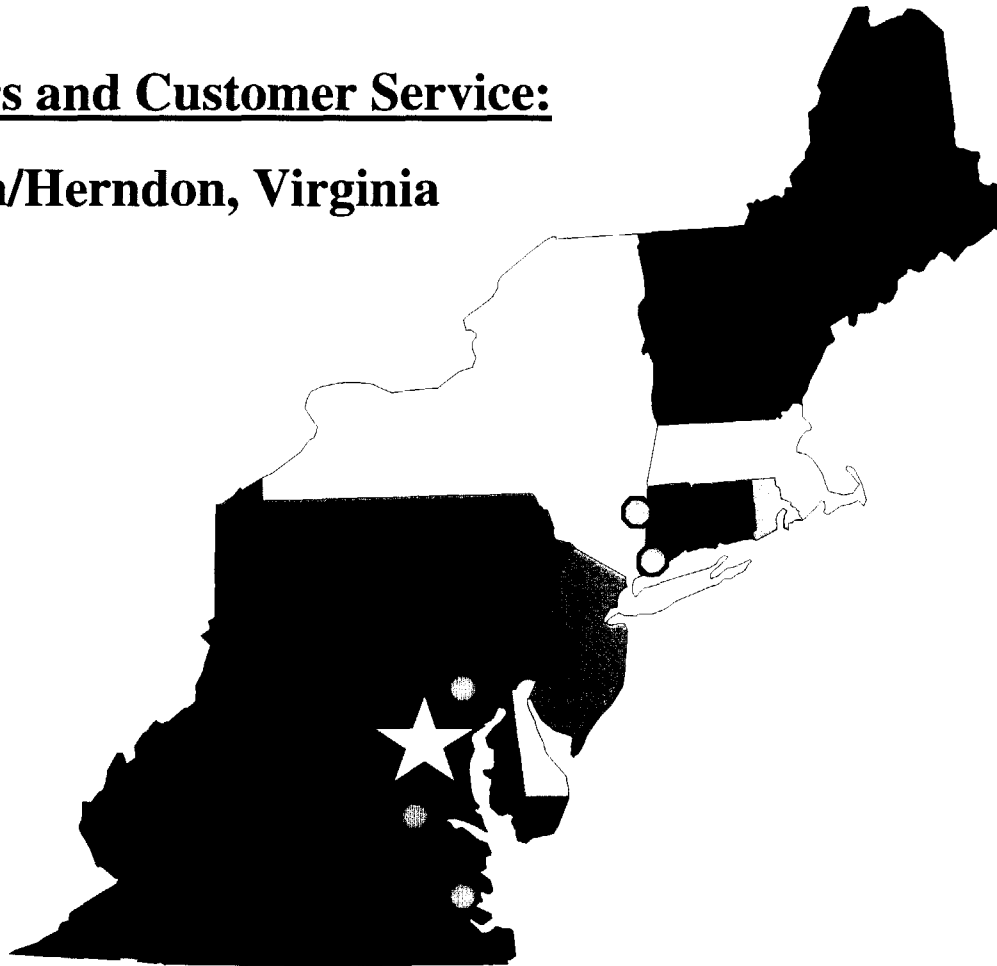


# Operating Markets



## Headquarters and Customer Service:

**McLean/Herndon, Virginia**



## Sales Offices

- **New York, NY**
- **Long Island, NY**
- **Baltimore, MD**
- **Richmond, VA**
- **Virginia Beach, VA**

# Net2000 Markets & Capital Efficient Network Deployment

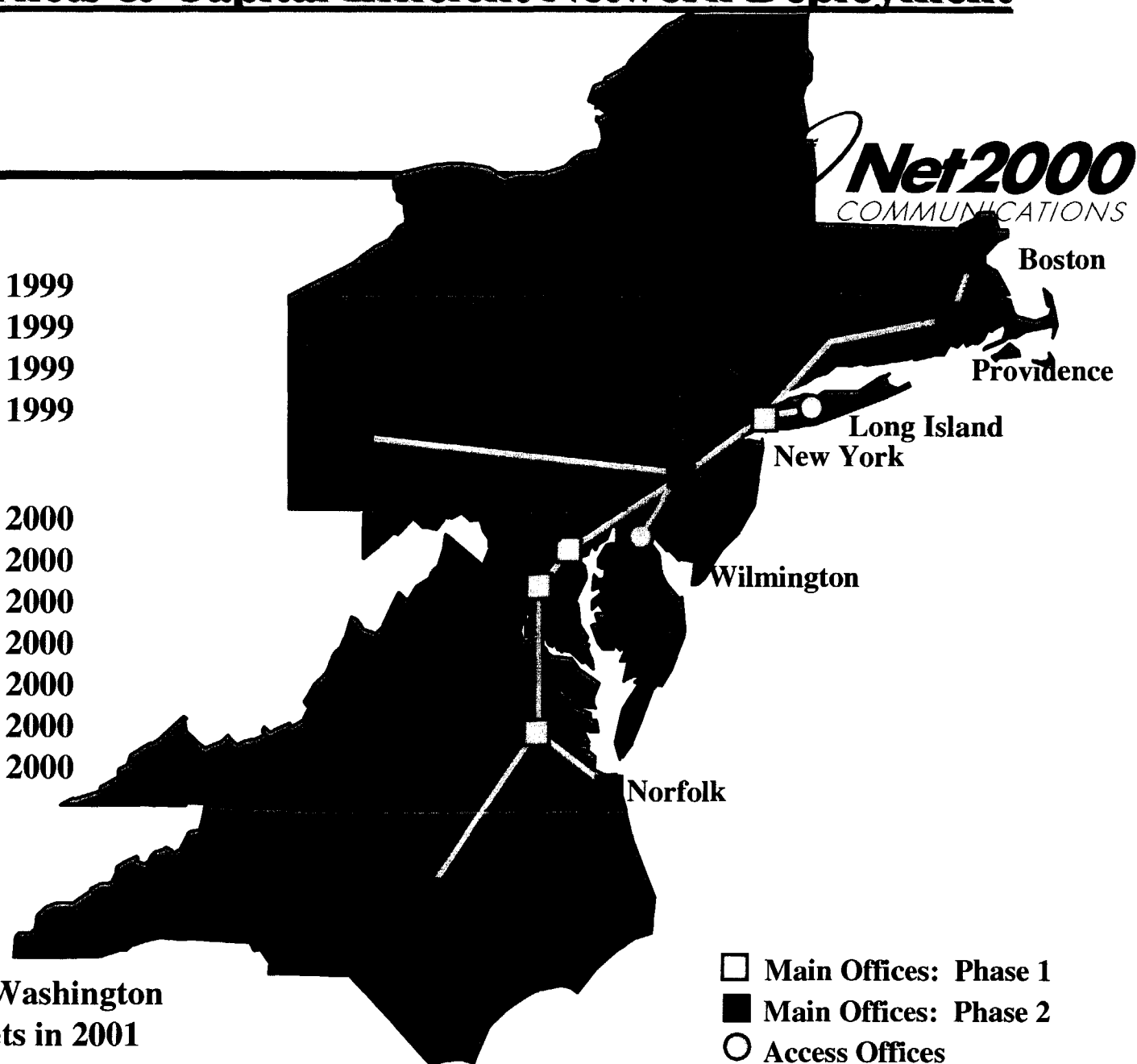
## Phase I

Washington	1999
Baltimore	1999
New York/Long Island	1999
Richmond	1999

## Phase II

Norfolk	2000
Philadelphia	2000
Wilmington	2000
Pittsburgh	2000
Boston	2000
Providence	2000
Raleigh	2000

2nd switches go into Washington  
and New York markets in 2001



# U.S. Data Network Rollout

Phase I and Phase II COs



# Net2000 Target Customer Profile



- 
- Fortune 1000 - 5000
    - \$10 Million - \$1 Billion in Revenues
    - 100 - 5,000 employees
  - Agent Base
    - Access Lines 59
    - Monthly Expense \$6,944
  - Resale Base to date
    - Access Lines 64
    - Monthly Revenue \$4,125
  - Industry Verticals
    - Legal, Financial, ISP, High Tech

# Net2000 In Summary



- 
- Knowledge/Experience
    - Practical, Working Experience with All Local Services
  - Initial Customer Acquisition Company
  - State of the Art Network
  - Sophisticated Backoffice and Billing Systems
  - Full Portfolio of Advanced Services
  - Niche Market
    - Focus on High-end, Medium Sized Businesses
    - Face-to-face Sales
  - Superior Customer Service
    - Greatly Simplified Interface
    - Coordination of Multiple Vendors
  - Innovation
    - Creative New Products/Services
  - Single Invoice
  - Savings versus Incumbents

# Operational and Competitive Issues with Bell Atlantic

## Bell Atlantic Has Created Significant Barriers to Entry Through Its Anti-Competitive Conduct and Operational Deficiencies

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- Bell Atlantic Continues to Bill Net2000 Customers
- Failure to Provide Essential Billing Usage Information
- Network Cost & Revenue Assurance Problems
- Anti-competitive Winback tactics
- Failure to Differentiate voice and data traffic

# Bell Atlantic Continues to Bill Net2000 Customers

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- For the last several months, customers who have switched to Net2000 service have continued to receive bills from Bell Atlantic. Some Bell Atlantic bills have threatened customers with disconnection of service.
- This leaves customers in the uncomfortable position of choosing which carrier to pay. Because of fear of disconnection, many customers have decided to pay Bell Atlantic instead of Net2000.
- Although this error is a result of Bell Atlantic's billing operations, Bell Atlantic has been unresponsive in finding a resolution to this problem. Until recently, Bell Atlantic had refused to provide an interim resolution, such as an informal letter to Net2000 customers nullifying the disconnect notices.



# BA Failure to Provide Essential Billing Usage Information

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- Interconnection agreements require BA to provide billing usage on a daily basis (known as the Daily Usage Feed (DUF)). DUF delivery from Bell Atlantic is sporadic.
  - This causes delays in Net2000's processing of Call Detail Records.
  - Results in inability of Net2000 to collect revenue
  - Causes customer confusion as usage must be back-billed
  - Impedes customers' ability to accrue for telecom expense

# Network Cost & Revenue

## Assurance Problems

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- Bell Atlantic fails to complete the most routine tasks.
  - Net2000 submitted numerous billing contact name changes to Bell Atlantic. Bell Atlantic took 4 months to make the change effective.
  - Despite reseller certificates being provided to Bell Atlantic multiple times, Bell's bill continues to include taxes that should not be included on reseller invoices.

# Bell Atlantic Personnel Cannot Complete Simple GUI Functions

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- Bell TISOC personnel are inadequately trained in services and CLEC functions
- Timeframes for assigning GUI orders is supposed to be 24 hrs. but it is taking 48 to 96 hrs.
- Bell TISOC service order process via the LSR does not work for complex services such as PRI, Digital Handoff or Switched Redirect.
- Access to Bell GUI is via a security card. It takes Bell 45 to 60 days to allow user access.

# BA Does Not Differentiate ISDN Voice and Data Usage On Resold Lines

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- Bell does not differentiate between voice and data traffic (ISDN) on their wholesale billing feed to Net2000, but rather charges the higher rate in all cases.
- Net2000 is thus unable to bill voice and data rates separately.
- Bell Atlantic does differentiate between voice and data traffic (ISDN) on the bill it sends to its retail customers.

# Bell Atlantic has Employed Anti-competitive Winback Tactics - A Case Study

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- US Clearing, a large securities trading company, signed a large contract with Net2000 for local resold service.
- Bell Atlantic was also providing additional lines to US Clearing.
- Once Bell Atlantic became aware US Clearing would be flipping some service to Net2000, Bell Atlantic ceased the installation of other lines that US Clearing had ordered directly from Bell Atlantic.
- US Clearing was told the reason was “that US Clearing was doing business with a competitor”.
- US Clearing became concerned it would lose all Bell Atlantic service and ended relationship with Net2000 despite its desire to use multiple telecommunications providers.

# Summary of Requested Action

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- Bell Atlantic should cease billing Net2000 customers
- Bell Atlantic should differentiate between voice and data on its bills to Net2000
- Bell Atlantic should be required to honor the terms of its contracts and tariffs with regard to billing and GUI issues (e.g. DUF)
- Bell Atlantic needs to be more responsive to routine administrative matters.

# Net2000 Strategic Policy Objectives

## The FCC Should Facilitate the Provision of Facilities-Based Service without the Use of Collocating



- Collocation is untenable for many new entrants
- Reasons Why Collocation Is Undesirable:
  - Bell Atlantic stretches the collocation process for each arrangement over six months.
  - Collocating is expensive, especially if Net2000 is not certain as to the amount of traffic it will have going through a certain central office.
  - Administration of collocation arrangements requires significant internal resources which could be utilized in other parts of Net2000's business



# The FCC Should Facilitate the Provision of Facilities-Based Service without the Use of Collocating (Cont'd)

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- Strategies for Avoiding Collocation
  - Expanded Extended Links ("EEL")
  - Other Loop and Transport Combinations Using 47 C.F.R. § 51.315(b)47 C.F.R. § 51.315(b) provides: "Except upon request, an incumbent LEC shall not separate requested network elements that the incumbent LEC currently combines."

# Use of UNE-P to Expand the Switch Footprint is a Strategic Necessity

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- Net2000's Strategy
  - Use the platform to hold customers until Net2000 can serve them over its own facilities.
  - The platform is necessary because the investment community will not give credit to a CLEC attempting to start operations using resale. Investors have learned from the “USN experience” that resale is a losing proposition.

# Use of UNE-P to Expand the Switch Footprint is a Strategic Necessity (Cont'd)

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- Platform Issues

- Bell Atlantic requires CLECs requesting the platform to order a Network Design Review ("NDR") for each central office switch from which CLECs would like to offer the platform.

The NDR process can be slow and cumbersome.

Bell Atlantic's fees for the NDR process are expensive and may not be cost-based. It is unclear why Bell Atlantic has not streamlined the NDR process.

# Use of UNE-P to Expand the Switch Footprint is a Strategic Necessity (Cont'd)

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- Platform Issues
  - Bell Atlantic resists providing the platform through either legal challenges or by delaying implementation.

# UNE Pricing Must be Truly Cost-Based

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- There should be a link rate in cities such as New York City to reflect the lower costs that Bell Atlantic experiences in highly concentrated metropolitan areas.
- The FCC should not stay its deaveraging rules and should require Bell Atlantic to deaverage link rates.

# Policy Summary

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- Net2000 needs options for providing switch-based services without collocating
- Combinations of network elements must be available to expand the switch footprint where necessary
- Cost based UNE rates are essential